

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicants : Timothy M. Keiser *et al.*
Application No. : **09/465,607**
Confirmation No. : 9080
Filed : December 17, 1999
For : **COMPUTER-IMPLEMENTED SECURITIES
TRADING SYSTEM**
Group Art Unit : 3691
Examiner : Clement Graham
Attorney Docket No. : 98-HSX001-C1
Customer No. : 63710

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir or Madam:

PRE-APPEAL BRIEF REQUEST FOR REVIEW

Applicants request review of the Final Rejection of December 16, 2010 (“Office Action”) in the above-identified application. No amendments are being filed with this request.

This request is being filed with a Notice of Appeal.

The review is requested for the reasons stated on the attached sheets.

REMARKS

In the Office Action, claims 23, 31, 38, 45, 54, and 62 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over cited portions of U.S. Patent No. 6,058,377 ("Traub") in view of cited portions of U.S. Patent No. 5,970,479 ("Shepherd").

I. It was clear error to find that the cited art suggests "setting an initial price for a derivative financial instrument that represents a movie . . . based at least in part on a potential box office revenue for the movie."

A. The cited art does not disclose or suggest "set[ting] an initial price for a derivative financial instrument that represents a movie . . . based at least in part on a potential box office revenue for the movie."

Independent claims 23, 31, and 38 recite "set[ting] an initial price for a derivative financial instrument that represents a movie . . . based at least in part on a potential box office revenue for the movie." The Examiner concedes that the cited art does not disclose "box office" or "movie," but argues that "potential box office revenue and a movie that is associated with a financial instrument [is] representative of a revenue bond . . . to finance different projects for example bridges [and] road projects" wherein motorists pay tolls to use a bridge or road. The Examiner then concludes that "financing a movie is no different than financing bridges because the fees . . . paid by the patrons that attend the movie would be used in paying off the revenue bond that was used to finance the movie." Office Action, p. 3.

The Office Action does not cite any reference – prior art or otherwise – as disclosing or suggesting "box office revenue," "potential box office revenue," "a movie," "a derivative financial instrument that represents a movie," "an initial price" for such a derivative, or the act of "setting an initial price" of such derivative.¹ The Office Action effectively concedes on page 3 that all of these features are missing from the cited art. Since the "derivative financial instrument" in the "set[ting]...; receiv[ing]...;

¹ The Office Action also fails to explain how the cited portions of the art disclose or suggest a "derivative financial instrument." Although the Office Action cites Traub as disclosing a "derivative financial instrument," Traub does not contain the word "derivative."

receiv[ing]...; set[ting]...; and execut[ing]...” recitations of the claims is a “derivative financial instrument that represents a movie,” the cited art does not disclose or suggest any of those other recitations, either. Accordingly, the cited art does not disclose or suggest any of the recitations of independent claims 23, 31, and 38.

When a claim recites a limitation that is absent from the art, the claim is not obvious under 35 U.S.C. § 103(c). *See, e.g.,* MPEP §2143.03; *Motorola v. Interdigital Technology Corp.*, 121 F.3d 1461, 1466-67, 43 USPQ2d 1490, 1490-91 (Fed. Cir. 1997) (reversing a jury verdict of obviousness because an element was not taught in the particular art relied upon, even though that element was known elsewhere).

B. The Office Action makes a clear error by rejecting claims 23, 31, and 38 in view of a factual finding of the state of the art made without evidentiary support.

The Office Action’s rejection relies on the statement that “financing a movie is no different than financing bridges.” The Office Action provides absolutely no evidence or support of any kind for this assertion, and it therefore is not a proper basis for a rejection.² Is there an actual movie that was financed the same way as an actual bridge? If so, which movie? When? Did it occur before the priority date of the present application? The Office Action’s bridge and road analogies are not prior art, and the Office Action has not even asserted that they are prior art.

Furthermore, the statement that “financing a movie is no different than financing bridges” is also vague and false. The statement is vague because there are many different

² *See* MPEP 2144.03. It is never appropriate to rely solely on “common knowledge” in the art without evidentiary support in the record as the principal evidence upon which a rejection was based. *In re Zurko*, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) (“[T]he Board cannot simply reach conclusions based on its own understanding or experience – or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings.”). While the court explained that, “as an administrative tribunal the Board clearly has expertise in the subject matter over which it exercises jurisdiction,” it made clear that such “expertise may provide sufficient support for conclusions [only] as to peripheral issues.” *Id.* at 1385-86, 59 USPQ2d at 1697. As the court held in *Zurko*, an assessment of basic knowledge and common sense that is not based on any evidence in the record lacks substantial evidence support. *Id.* at 1385, 59 USPQ2d at 1697. *See also In re Eynde*, 480 F.2d 1364, 1370, 178 USPQ 470, 474 (CCPA 1973) (“[W]e reject the notion that judicial or administrative notice may be taken of the state of the art. The facts constituting the state of the art are normally subject to the possibility of rational disagreement among reasonable men and are not amenable to the taking of such notice.”).

ways to finance a movie and many different ways to finance a bridge. Which method is similar to which? Also, there are myriad differences between a typical movie financing and bridge financing, such as completely different risk factors, revenue streams (e.g., a continuous stream of bridge toll revenue versus a relatively brief period of box office receipts), investment liquidity, and regulatory concerns, among other differences. Thus, the Office Action's assertion is false. As the Office Action's statement lacks support – and is vague, untrue, and not prior art – it does not establish any basis for rejecting the claims.

II. It was clear error to find that the cited art suggests “set[ting] an initial price for a derivative financial instrument that represents a movie talent . . . based at least in part on a popularity rating for the movie talent.”

The above arguments similarly apply to the rejections of claims 45, 54, and 62, which recite “set[ting] an initial price for a derivative financial instrument that represents a movie talent in an entertainment industry . . . based at least in part on a popularity rating for the movie talent in the entertainment industry.” On pages 8-10, the Office Action applies the same passages of art as above and concedes that Traub and Shepherd do not disclose “based at least in part on a popularity rating for the movie talent in the entertainment industry.” The Office Action then makes a similar “revenue bond to fund bridges” analogy/argument, again without any evidentiary support.

This rejection is clear error for the reasons described above, e.g., for failing to find various claim elements in the prior art, and for relying on factual findings made without evidentiary support.

For at least these reasons, the Office Action has not established a *prima facie* case of obviousness of claims 23, 31, 38, 45, 54, and 62, and it was clear error to reject the claims on the grounds presented in the Office Action.

CONCLUSION

Because the Examiner has not established a *prima facie* case of obviousness of claims 23, 31, 38, 45, 54, and 62, Applicants respectfully submit that the rejection of these claims is improper and should be withdrawn.

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Respectfully submitted,

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